GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:1989
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Employment in FPI
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether there is an ample potential and opportunity for growth of food processing industries and employment in the food processing sector in the country and if so, the details thereof and the steps taken by the Government in this regard;

(b) whether labourers are shifting from farming sector towards food processing sector and if so, the details thereof and the steps taken/being taken by the Government to boost employment opportunities in this sector;

(c) whether the Government has set any targets to increase turnover of food processing sector and if so, the details thereof and the steps taken by the Government to achieve the targets;

(d) whether private share is likely to be attracted towards food processing sector during the next ten years and if so, the details thereof; and

(e) the steps taken/proposed to be taken by the Government to harness the potential of food processing sector in the country?

Answer

(a) Yes, Madam. There is a scope for growth of food processing industries and employment in the food processing sector in the country as India has huge diversified production base and low level of processing. The level of processing in perishable products in India is estimated only at 2.1% in fruits and vegetables, 35% in milk and milk products, 21% in meat, 6% in poultry and 23% in marine. During the last six years ending 2014-15, the employment in registered food processing sector has been increasing at an Average Annual Growth Rate of 2.18 per cent.

(b) & (c) There is a huge potential of creating off-farm employment in food processing sector especially in rural areas. To promote growth and employment in the sector the Ministry of food processing industries is implementing a number of central sector schemes for promotion and development of food processing industries in the country. This includes (1) Scheme for Mega Food Parks under which a total of 42 Mega Food Park projects have been approved. (2) Scheme for Modern Abattoirs under which 38 Abattoir projects have been sanctioned. (3) Scheme for Integrated Cold Chain and Value Addition Infrastructure under which 134 Integrated Cold Chain Projects have been sanctioned. (4) Scheme for Creation/Expansion of Food Processing and Preservation under which the committed/spillover liabilities of 11th Plan are being liquidated during 12th Plan. (5) Scheme for Quality Assurance under which 101 Food Testing Laboratories have been approved. (6) Scheme for Human Resource and Institutions under which 200 R & D Projects have been assisted by this Ministry. The schemes of this Ministry are demand driven and not specific to any region or state. Farmers, Farmer Producer Organizations, Individuals, Group of Entrepreneurs, Cooperative Societies, Self Help Groups, NGO's, Central/ State PSU etc. are eligible to avail financial assistance under these schemes for setting up food processing industries in the country. The detailed guidelines of these schemes having the pattern of financial assistance, eligibility criteria, procedure for approval of projects etc. are available on the Ministry's website at www.mofpi.nic.in.

(d) & (e) Through the various schemes of this Ministry the private sector is encouraged to make investment in the food processing sector. Under the schemes, grant-in-aid is provided @ 35-50 percent of the eligible project cost in general areas and 50-75 percent in difficult areas and hilly areas i.e., North East Region including Sikkim, J&K, Himachal Pradesh, Uttarakhand and ITDP notified areas of the states, subject to a maximum limit as set in each scheme. To encourage the development of food processing industries Government has provided various fiscal incentives in terms of reduction and exemption of taxes. A fund of Rs. 2000 crore has also been constituted with NABARD to provide loans at concessional rate to Mega Food Parks and units established therein. The food processing industry has been included under agricultural activity so that it can avail the benefit of priority sector lending. 100% FDI is permitted under the automatic route in food processing industries and through approval route for trading, including through e-commerce in respect of food products manufactured and/or produced in India.